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UNIDO-ADMINISTERED FUNDS: IN-DEPTH EVALUATION OF SPECIAL TRUST FUND PROJECTS

Progress report by the Director-General

Summary

Reports on the progress in the in-depth evaluation on special trust fund projects, as requested by the General Conference in resolution GC.5/Res.8, paragraph 2 (b).

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Introduction

1. The in-depth evaluation of special trust fund projects was among the in-depth evaluations requested by the Industrial Development Board in its decision IDB.5/Dec.12 - a request reiterated subsequently in decision IDB.6/Dec.14 and referred to by the General Conference in its resolution GC.5/Res.8 that requested the Director-General to report on the results of that evaluation, taking into account the new organizational and staff structure of UNIDO as set out in document GC.5/23.

2. The present report provides advance information on the progress of the above evaluation. The final evaluation report is expected to be completed at the end of October 1994 and will then be made available as a conference room paper to the thirteenth session of the Board. The report will deal extensively with the definition and composition of the special trust funds, their mandates, administration and monitoring before and after the reorganization of 1 January 1994. It will contain the main findings of the individual project in-depth evaluations undertaken and a concluding chapter with recommendations.

I. DEFINITION AND COMPOSITION OF THE SPECIAL TRUST FUNDS

3. Trust fund (i.e. funds entrusted by donors to UNIDO for the implementation of a predetermined set of activities) projects have been dealt with by UNIDO since its inception. A significant landmark occurred in 1978 with the beginning of a large self-financed trust fund project in a North African country. The designation "special trust fund" was introduced with the reorganization of the UNIDO Secretariat in 1986 and the concept was subsequently defined as follows: "The special trust fund schemes of UNIDO are designed to provide financing mechanisms that enable the Organization to respond promptly and efficiently to the needs of recipient countries, particularly those of industrial enterprises (public, private and cooperative) and in cases where such needs are not easily met by traditional assistance programmes" (UNIDO/DG/B.73/Rev.2).

4. The composition of the special trust funds between 1 January 1986 and 31 July 1994 was as follows:

Trust fund group	Number of projects	%	Financial allotment (US$)	%
Self-financed	93	14	73 521 471	31
Third-party trust funds	448	68	56 676 883	24
UNDP trust funds	77	12	8 702 510	3
Genetic engineering	17	3	89 942 071	38
Other trust funds	18	3	9 901 140	4
TOTAL	653	100	238 744 075	100

5. Projects related to the operation of cement plants in Egypt, the Libyan Arab Jamahiriya and Nigeria account for 86 per cent of allotments of the first group, i.e. "self-financed trust fund projects".

6. Out of the second grouping, "third-party trust fund projects" 42 per cent relate to Associate Experts and travel for Junior Professional Officers, the remaining 58 per cent being sponsored mostly from governmental sources to finance specific technical cooperation projects. The main donors for these are, in descending order: Japan, the Armenian General Benevolent Fund, the United Kingdom of Great Britain and Northern Ireland, the United States of America, Denmark and France.

7. "UNDP trust funds" relate mostly to the financing of in-plant group training programmes.

8. "Genetic engineering" concerns activit related to the establishment and operation International Centre for Genetic Engineerin Biotechnology.

9. "Other trust funds" originate mostly f World Bank loans and credits (75 per cent). also relate to some types of government cos sharing, projects related to the UNIDO Comp Model for Feasibility Analysis and Reportin a few additional minor subcomponents.

II. SCOPE OF THE EVALUATION

10. The ongoing evaluation is based on thr types of evaluative inputs: in-depth evalu of projects, desk reviews, project file rev The first two were made in respect of proje where the donors agreed to undertake such evaluations and of the associate expert pro as listed below:

Donor	Title
	In-depth evaluations
Denmark	Two projects comprising the programme of direct support to industry in developing countries.
Japan	Cluster of four projects: (a) First pilot processing plant by rural women (in an East African coumtry); (b) Development of rural industries at grass-roots level (in an East African cou (c) Development of small and cottage industries at grass-roots level (im an East country); (d) Integration of women in agro-industry development (in a West Africam country)
Japan	Cluster of three projects in an East European country: (a) Improvement and rehabilitation of a steel plant; (b) Investigation and improvement of environmental impact of iron and steel indu (c) Statistics methods for company-wide quality control.
Japan	Action programme to support the dynamic development of the building materials indu with particular reference to the cement industry in the South-eastern Africa subr
Nigeria	Technical assistance to the Cement Company of Northern Nigeria.
Several donors	Associate Expert programme.
	Desk reviews
Japan	Promotion of traditional textiles industry in West African least developed countr

11. The evaluators also used the report of a United Kingdom mission that reviewed the progress of two projects financed by the United Kingdom Know-How Fund for two East European countries that contained useful evaluative material.

12. For the projects not listed above, the evaluators used information available in UNIDO registry project files.

III. PRELIMINARY FINDINGS

13. Projects financed under special trust funds do not differentiate in essence from the traditional technical cooperation activities of UNIDO.

14. The approval and implementation process did benefit from more flexibility than the one applied to traditional technical cooperation activities. This flexibility was awarded by some donors and did not relate intrinsically to the special trust funds as such.

15. Monitoring of most of the projects financed by special trust funds, particularly self-financed trust fund projects, did not follow established UNIDO practices. In-depth evaluations were conducted for the first time in connection with the present exercise. Substantive lessons learned from the in-depth evaluations conducted in respect of special trust fund projects do not differ from those obtained from in-depth evaluations of traditional technical cooperation projects.

16. Implementation of special trust fund projects was sometimes carried out outside the appropriate organizational units in UNIDO and therefore did not benefit from the accumulated in-house professional competence and experience.

17. The current organizational structure of UNIDO established since 1 January 1994, where funds mobilization is organized in terms of donors rather than funding mechanisms and which provides a uniform treatment for the design, appraisal and implementation of projects irrespective of the source of funds (UNIDO/DG/B.177), is validated by the in-depth evaluation.

IV. ACTION REQUIRED OF THE BOARD

18. The Board may wish to take note of the information contained in the present progress report.